

## Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 NEAE-00 SS-20 SAM-01 CPR-02 SP-03 PRS-01

A-01 SY-04 INR-10 PM-07 NSC-07 NSCE-00 DODE-00 CIAE-00

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC NIACT IMMEDIATE 7391

INFO AMCONSUL DHAHRAN

C O N F I D E N T I A L JIDDA 3180

E.O. 11652: GDS

TAGS: OVIP (FAHD VISIT)

SUBJECT: MINISTERS' PARTING COMMENTS ON SUBSTANCE OF VISIT

REF JIDDA 3113

BEGIN SUMMARY VICE MINISTER OF FINANCE AND THE MINISTER  
STATE FOR PLANNING ACCOMPANYING FAHD PARTY MADE  
TWO POINTS BEFORE DEPARTURE: 1. SUBJECT OF DISPOSAL OF  
SAUDI FINANCIAL SURPLUSES SHOULD NOT RPT NOT BE  
MIXED WITH NEW ECONOMIC DEVELOPMENT COMMISSION'S  
WORK. 2. SAG IN RECENT MONTHS HAS CREATED LINKS  
WITH MULTINATIONAL COMPANIES WHICH THE KINGDOM SEES  
AS THE KEY TO SAUDI DEVELOPMENT, AND DIRECT GOVERN-  
MENT-TO-GOVERNMENT RELATIONS CAN ONLY BE SUPPLEMENTARY  
TO THESE CONTRACTS AND JOINT VENTURES. THESE LAST MIN-  
UTE RESERVATIONS BY TECHNICAL MINISTERS NEED  
NOT HAMPER DISCUSSIONS ON BASIS OF WORLD-WIDE CONCERNS.  
END SUMMARY.

1. CHARGE HAD OPPORTUNITY FOR SEPARATE TALKS WITH  
DEPUTY FINANCE MINISTER ABA AL-KHAYL AND MINISTER  
STATE (PRESIDENT OF CENTRAL PLANNING ORGANIZATION)  
HISHAM NAZER JUNE 3. NEITHER MAN HAD BEEN INFORMED  
ABOUT ACTUAL SCHEDULE IN WASHINGTON AND PRESUMABLY  
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BRIEFINGS WILL BE HELD EN ROUTE WITH DEPUTY FOREIGN

MINISTER MAS'UD. BOTH WELCOME TRIP AND WERE LOOKING FORWARD TO POST-DISENGAGEMENT ATMOSPHERE AND HIGHLY FAVORABLE SIGNS STEMMING FROM PRESIDENT'S FORTH-COMING VISIT. HOWEVER, BOTH EXPRESSED RESERVATIONS PECULIAR TO THEIR AREAS OF COMPETENCE CONCERNING DEGREE TO WHICH NEW U.S./SAUDI GOVERNMENT ARRANGEMENTS COULD BE BROUGHT TO BEAR ON SAUDI DEVELOPMENT PROBLEMS.

2. IN THE CASE OF ABA AL-KHAYL, HE INITIATED SUBJECT OF SAUDI FINANCIAL SURPLUSES. HE HOPED THAT THIS SUBJECT WOULD NOT BE MIXED WITH BASIC WORK OF ECONOMIC COMMISSION WHICH SHOULD BE CONCERNED PRIMARILY WITH FURTHERING SAUDI DEVELOPMENT. HE POINTED TO GOOD LINKS ALREADY EXISTING BETWEEN SAMA AND FEDERAL RESERVE TO SAY NOTHING OF OTHER AMERICAN BANKS. HE HOPED THAT SUBJECT OF DISPOSING OF SAUDI RESERVES WOULD NOT RPT NOT COME UNDER "SOME GENERAL UMBRELLA." CHARGE SAID THAT HE HOPED IN TURN THE MINISTER WOULD NOT EXCLUDE DISCUSSING THE SUBJECT OF THE MASSIVE SAUDI EARNINGS IN SOME DETAIL, PARTICULARLY IN VIEW OF THE CONCERN OF OTHER COUNTRIES BESIDES THE UNITED STATES IN THE DISPOSAL AND USE OF SUCH SURPLUSES. WE WOULD BE DISCUSSING THE SUBJECT IN TERMS OF WORLD-WIDE MONETARY CONCERNS AND ACCESS TO THE AMERICAN CAPITAL MARKET. AS WITH GERMANY, THE HANDLING OF CENTRAL BANK RESERVE INVESTMENTS IN THE UNITED STATES WILL BE DONE ON THE BASIS OF UNDERSTANDINGS IF NOT FORMAL AGREEMENTS. ABA AL-KHAYL LISTENED ATTENTIVELY AND SAID THAT OF COURSE THEY WERE PREPARED TO LISTEN TO U.S. IDEAS ON THIS SUBJECT. ABA AL-KHAYL SAID THAT HE HOPED THERE WOULD BE SOME "LIVING ORGANISMS" CREATED DURING THIS SHORT VISIT BUT THAT HE REALIZED LITTLE DETAIL COULD BE ACCOMPLISHED IN SUCH A SHORT PERIOD OF TIME.

3. HISHAM NAZER, IN HIS USUAL SOMEWHAT DERISIVE STYLE AND IN A SEPARATE CONVERSATION, CONFIDENTIAL

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SAID THAT RECENT SAUDI DECISIONS ON GOING AHEAD WITH CERTAIN PROJECTS AND THE SUCCESS WITH WHICH THE PRESENT GUIDELINES FOR THE FIVE-YEAR PLAN ARE BEING USED TO CREATE A GENUINE, POSITIVE, AND PROGRESSIVE PLAN IN ALMOST EVERY MINISTRY MEANT THAT GOVERNMENT-TO-GOVERNMENT ASSISTANCE WAS LESS NEEDED THAN BEFORE. IN FACT, MOST SAUDIS HAD GROWN TO TRUST THE TYPICAL MULTINATIONAL COMPANY

SELECTED FOR ITS COMPREHENSIVE ABILITY IN BOTH PRODUCTION AND QUALITY, AND CONTRACTS OR JOINT VENTURES WITH SUCH FIRMS WOULD BE THE BASIS FOR SAUDI DEVELOPMENT WORK. IN FACT, HE WOULD WELCOME ESPECIALLY INITIATIVES INVOLVING TWO OR MORE MULTINATIONAL FIRMS FROM DIFFERENT COUNTRIES. HE ADMITTED THAT THERE MIGHT BE CERTAIN AREAS IN WHICH U.S. GOVERNMENT EXPERTISE COULD BE BROUGHT TO BEAR. HE HOPED THAT THE GOVERNMENT'S EFFORTS WOULD NOT INTERPOSE THEMSELVES TO DELAY DECISION MAKING.

4. COMMENT: SOFE SELL OF U.S. IDEAS AND THEME OF PHASING BOTH SAUDI FINANCIAL RESERVE PROBLEM AND SAUDI DEVELOPMENT INTO SOME INTERNATIONAL CONTEXT WOULD SEEM TO BE PARTICULARLY PERSUASIVE FOR AT LEAST THESE TWO KEY MINISTERS WHO PROBABLY GENUINELY REPRESENT CONSENSUS AMONG SAUDI DECISION-MAKERS.  
BIRD

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